

Long Term Care Insurance

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Long Term Care Insurance

Your health insurance provides for acute care needs that may result from an illness or injury. However, should you require long term care for a chronic disability or long-lasting disease, you may have only your income, savings or assets on which to rely.

An accident or illness can result in the need for long term care at **any** age. Long term care insurance can assist you if you require this type of care.

Long term care is not covered by:

- ❖ Medical insurance;
- ❖ Disability insurance;
- ❖ Medicare (to any substantial degree); or
- ❖ Medicaid, unless your assets have been reduced to the poverty level.

Long term care is expensive, and the cost is rising. The average cost of a home health aide is \$18 per hour, or \$158,000 a year for round-the-clock care.¹ Nursing home care costs now average \$54,900 per year.²

The Employee Insurance Program (EIP) and Aetna, the state's Long Term Care program provider, offer you the Long Term Care (LTC) Insurance Plan. The three plan options are specifically designed to protect your assets from being depleted by the expenses of long term care.

What Is Long Term Care?

Long term care refers to the day-to-day assistance that you need when you have a serious illness or disability that lasts for an extended period of time, and you are not able to take care of yourself. Long term care includes a wide range of services that can be delivered in your own home, in an adult day-care center, assisted living facility, nursing home or hospice.

Who Can Enroll?

Full-time, permanent employees (individuals working at least 30 hours a week continuously for more than six months per year³) may enroll within 31 days of their date of hire without providing medical evidence of good health.

Current full-time, permanent employees may enroll throughout the year with approval of medical evidence of good health.

Spouses of eligible employees may enroll throughout the year with approval of medical evidence of good health. A spouse can enroll even if the employee does not.

Parents and parents-in-law of active employees may enroll throughout the year with approval of medical evidence of good health. Parents and parents-in-law can enroll even if the employee does not.

¹ MetLife Mature Market Institute, 2002

² GE LTC Insurance Nursing Home Survey, March 2002

³ Or active employees who work at least 20 hours per week, at the agency's option.

Active employees who are retiring, and their spouses, may enroll within 31 days of the employee's retirement date with approval of medical evidence of good health.

Retired employees, spouses of retirees and surviving spouses may enroll throughout the year with approval of medical evidence of good health.

There is a 10 percent discount in premiums if both the employee or retiree and their spouse enroll in the Service Reimbursement plans.

LTC Plan Options and Features

You have three LTC plans from which to choose: a disability plan and two service reimbursement plans. All three plans offer:

An expanded list of "activities of daily living" (bathing, dressing, eating, transferring, continence and toileting). In the disability plan, you qualify when Aetna certifies that either you are unable to perform three of six activities of daily living or that you have a severe cognitive impairment such as Alzheimer's disease. In the service reimbursement plans, you qualify when Aetna certifies that you are unable to perform two of six activities of daily living or you have a severe cognitive impairment such as Alzheimer's disease.

Restoration of benefits. If you receive LTC benefits, then recover and no longer need care, your lifetime maximum benefit period is fully restored to its original amount.

Inflation protection increases. You may increase your coverage every two years, without proof of good health, to help keep pace with the rising cost of long term care. You may increase your coverage through this feature even if you are receiving benefits, as long as you have not turned down a previous offer. You will be able to purchase an additional \$10 in coverage every two years.

Premium waiver. You do not pay premiums while you are receiving benefits. You will resume payment of your premium when you no longer qualify to receive benefits.

Portability. If you leave your current employer, you can continue your coverage by paying Aetna directly, at the same group rates. If you retire, you can continue coverage and have premiums deducted from your SCRS benefits. Local subdivision retirees will be billed by the local subdivision. Coverage is also fully portable for your family.

Death Benefit/Return of Contribution. This feature is only available to persons who enroll as active employees, and their spouses. Employee or spouse premiums can be returned to their beneficiary, less any claim dollars paid, subject to the following rules:

- ❖ For employees, the amount of the refund is reduced by 10 percent starting at age 65 or retirement, whichever is later.
- ❖ For all other enrollees, the amount of the refund is reduced by 10 percent starting at age 65.

The reduction in the return of contribution will result in no benefits being payable nine years after the reduction begins. If you are receiving benefits at the time of your death, no Return of Contribution is payable.

The plan is tax-qualified. This means if your premium payments plus your other medical expenses exceed 7.5 percent of your gross annual income, then your premiums are tax deductible, subject to limitations, for federal tax purposes.⁴

Disability Plan

The disability plan pays a daily cash benefit that is based on your chosen daily benefit amount (DBA) and where care is received, regardless of charges for services provided. If you enroll in this option, you can choose a DBA from \$50 to \$250, in \$10 increments. To qualify for benefits under the disability plan, you must be unable to perform **three** of the activities of daily living **or** have a severe cognitive impairment (such as Alzheimer's disease).

Service Reimbursement Plans

In the service reimbursement plan, you submit receipts for the services you receive, and you are reimbursed up to your selected DBA, based on your selected option and where care is given. You can choose a DBA from \$50 to \$350, in \$10 increments. To qualify for benefits under the service reimbursement plans, you must be unable to perform **two** of the activities of daily living or have a severe cognitive impairment (such as Alzheimer's disease). Two service reimbursement options are available. The first option pays 50 percent of your DBA for respite and community based care. The second pays 100 percent of your DBA for the same services.

Changing Your Coverage Level

If you are enrolled in the plan, you have two opportunities to increase coverage to keep up with the rising cost of home care and nursing facility expenses.

1. During a designated enrollment period, you have the opportunity to purchase an additional \$10 coverage without providing medical evidence of good health. The premiums for additional coverage will be based on your age at the time of purchase.
2. If you are not receiving long term care benefits, you have the opportunity to increase to a higher-level option at any time with approval of medical evidence of good health. Upon approval, you may purchase additional coverage, up to the plan's current daily benefit maximum. The premiums for the additional coverage will be based on your age at the time of purchase.

You may decrease coverage levels at any time. Your change will become effective the first of the month following your request.

Premiums

Premium charts for the three plan options are on Pages 212-214.

When Coverage Ends

You can cancel coverage at any time. If you terminate employment with one state group entity and do not become employed by another state group entity you may continue your coverage and be direct billed by Aetna.

⁴ As always, please consult with your tax advisor regarding your personal tax status.

Plan Design Comparison

	Disability Plan (Option #1)	Service Reimbursement Plan (Option #2)	Service Reimbursement Plan (Option #3)
Daily Benefit Amount (DBA)	\$50 - \$250 in \$10 increments	\$50 - \$350 in \$10 increments	\$50 - \$350 in \$10 increments.
Lifetime Maximum Benefit Amount	5 years x DBA	5 years x DBA	5 years x DBA
Nursing Home or Hospice Facility Care	100% of your DBA	Actual expenses, up to 100% of your DBA	Actual expenses, up to 100% of your DBA
Assisted Living Facility Care	50% of your DBA	Actual expenses, up to 100% of your DBA	Actual expenses, up to 100% of your DBA
Community Based Services	50% of your DBA	Actual expenses, up to 50% of your DBA	Actual expenses, up to 100% of your DBA
Informal Care	50% of your DBA	25% of your DBA up to 100 days	25% of your DBA up to 50 days
Alternate Care	50% of your DBA	Actual expenses, up to 50% of your DBA	Actual expenses, up to 100% of your DBA
Transitional Care	50% of your DBA	3 times your DBA	3 times your DBA
Informal Caregiver Training	50% of your DBA	The lesser of 100% of the actual expenses or 3 times your DBA	The lesser of 100% of the actual expenses or 3 times your DBA
Respite Care	50% of your DBA	Actual expenses, up to 50% of your DBA for 21 days per calendar year	Actual expenses, up to 100% of your DBA for 21 days per calendar year

Retirees If you retire, you can continue coverage and have premiums deducted from your South Carolina Retirement Systems benefits.

Transferring Employee When you terminate employment with one state group entity and become employed by another state group entity without a 15-day break in employment, please inform your benefits administrator. EIP will produce a transfer form that will be sent to the benefits administrator at your new entity.

For More Information This section of the *Insurance Benefits Guide* is a brief overview of the LTC Insurance Plan. If you are not enrolled in the plan and want more information, if you want to receive an enrollment packet, or if you are enrolled and want information about increasing your coverage, contact your benefits office, EIP, or you can log on to Aetna's Web site at www.aetna.com/group/southcarolina.

